

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-06 ISO-00 OES-03 RSC-01 /030 W

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 5255

INFO AMEMBASSY TEHRAN

USDOC

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E.O. 11652: N/A

TAGS: EGEN, IR, CA

SUBJECT: ERTS GROUND STATION

REF: TEHRAN

1. BY SEPTTEL, EMBASSY IS REPEATING TO DEPARTMENT AND AMEMBASSY TEHRAN OUR WORLD TRADERS DATA REPORT (WTDR) ON COMPUTING DEVICES OF CANADA LIMITED (CDC) DATED JULY 25, 1973 AND ADDITIONAL FINANCIAL DATA ON CDC REPORTED BY US APRIL 18, 1974. IT WILL BE NOTED THAT CDC IS WHOLLY-OWNED SUBSIDIARY OF CONTROL DATA CANADA LTD., WHICH IN TURN IS WHOLLY OWNED BY CONTROL DATA CORPORATION, MINNEAPOLIS. UNTIL AUGUST 1969 WE BELIEVE CDC WAS A TWO-THIRDS OWNED SUBSIDIARY OF BENDIX CORPORATION, DETROIT.

2. ACCORDING TO A JANUARY 22, 1973 REPORT FROM A LOCAL CREDIT REPORTING AGENCY, COMPUTING DEVICES OF CANADA LIMITED EXPENDED \$750,000 IN 1971 ON CAPITAL EQUIPMENT ADDITIONS WITH ASSISTANCE FROM THE GOVERNMENT OF CANADA, I.E., THE GOVERNMENT PAID FOR \$375,000 OF THESE ADDITIONS AND THE BALANCE WAS FINANCED THROUGH THE GOVERNMENT OVER A FIVE-YEAR PERIOD, WITH REPAYMENT TO BE MADE IN ANNUAL INSTALLMENTS OF \$74,000.

3. IT IS CLEAR THAT CDC HAS AVAILED ITSELF OF ONE
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OR MORE OF GOC'S I.E., DEPARTMENT OF INDUSTRY,

TRADE AND COMMERCE (ITC) RESEARCH, DEVELOPMENT AND INNOVATION INCENTIVE PROGRAMS. ALSO IT IS POSSIBLE THAT CDC HAS UTILIZED ONE OR MORE SECTIONS OF ITC'S PROGRAM FOR EXPORT MARKET DEVELOPMENT (PEMD), WITH WHICH U.S. DEPARTMENT OF COMMERCE THOROUGHLY FAMILIAR. HOWEVER, ON BASIS OF EMBASSY OFFICERS' KNOWLEDGE OF PEMD AND INFORMATION WE HAVE OBTAINED CONCERNING GROUND STATION RECENTLY CONSTRUCTED BY CDC IN ITALY, WE DOUBT SERIOUSLY THAT CDC "OPERATES ABROAD ON A SUBSIDIZED BASIS."

4. OUR INFORMATION ON GROUND STATION IN ITALY IS THAT CDC RECEIVED NO REPEAT NO GOC SUBSIDY AND DID NOT EVEN AVAIL ITSELF OF ASSISTANCE AVAILABLE VIA PEMD. RATHER, WE ARE TOLD, CDC BID ON AN INADEQUATE, STRIPPED-DOWN INSTALLATION ITALIANS WANTED AND INSISTED UPON, WHEREAS U.S. COMPANIES PROPOSED THE MORE EXPENSIVE INSTALLATION WHICH THEY STRONGLY BELIEVED ITALIANS SHOULD REPEAT SHOULD HAVE BEEN PROCURING IN ORDER TO FULFILL PURPOSE OF PROJECT. CDC, WE ARE FURTHER TOLD, SHARED U.S. COMPANIES' VIEWS OF WHAT WAS ACTUALLY NEEDED, BUT AS ITALIANS WERE SO ADAMANT, WENT ALONG IN BIDDING ON AND CONSTRUCTING AN ADMITTEDLY INADEQUATE INSTALLATION. PORTER

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